

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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INFO AMEMBASSY BANGKOK
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AMEMBASSY MANILA
AMEMBASSY PORT MORESBY
AMEMBASSY SINGAPORE
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
AMEMBASSY WELLINGTON
AMCONSUL HONG KONG
USLO PEKING

C O N F I D E N T I A L JAKARTA 6628

E.O. 11652: GDS
TAGS: PDIP, PEPR, ID, CH
SUBJECT: INDONESIA-PRC RELATIONS

1. IN CONTRAST TO THE ENTHUSIASTIC ACCOUNTS OF THE RECENT
VISIT TO CHINA REPORTED BY THE INDONESIAN CHAMBER OF
COMMERCE CHAIRMAN (KADIN) SUWOTO SUKENDAR, GOI OFFICIALDOM
AS WELL AS THE PRESS HAVE CHOSEN TO INTERPRET MORE
CAUTIOUSLY AND NAROWLY THE POSSIBILITY OF DIRECT TRADE
RELATIONS WITH THE PRC AND THEIR IMPLICAIONS FOR THE
EVENTUAL RESUMPTION OF DIPLOMATIC TIES.

2. IN AN APPARENT ATTEMPT TO PUT THE KADIN VISIT IN A
MORE REALISTIC PERSPECTIVE, FOREIGN MINISTER MOCHTAR
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STATED ON MAY 21 THAT THE GOI'S "POLICY OF NORMALIZATION
OF RELATIONS BETWEEN INDONESIA AND THE PEOPLE'S REPUBLIC
OF CHINA LIES IN THE HANDS OF THE FOREIGN MINISTER."
OTHERS MAY PERSONALLY TALK ABOUT INDONESIA-PRC RELATIONS,
HE SAID, BUT ONLY HE IS "IN CHARGE" OF MAKING OFFICIAL
STATEMENTS ON THE SUBJECT.

3. INDIRECTLY SUPPORTING MOCHTAR'S IMPLIED GO-SLOW POSITION, MINISTER OF TRADE AND COOPERATIVES RADIUS PRAWIRO EARLIER ANNOUNCED THAT THE GOI WOULD FIRST STUDY THE "BENEFITS" OF ESTABLISHING DIRECT TRADE WITH THE PRC BEFORE DECIDING ON ANY NEW TRADE POLICY. A STUDY WAS DEEMED NECESARY, HE SAID, BECAUSE DIRECT TRADE WAS NOT ALWAYS AS BENEFICIAL AS INDIRECT TRADE WHICH IS CURRENTLY RUNNING AT ABOUT \$400 MILLION ANNUALLY. HE REPORTEDLY CITED INDONESIA'S INDIRECT TRADE WITH NEW ZEALAND AS A CASE IN POINT.

4. BACKING OFF FROM A PREVIOUS COMMITMENT BY SUKENDAR TO SEND A TECHNICAL TEAM TO HONG KONG "IN TWO OR THREE WEEKS," RADIUS SAID THE TEAM'S VISIT SHOULD AWAIT THE COMPLETION OF THE GOVERNMENT'S STUDY WHICH SHOULD BE READY WITHIN A "NOT TOO LONG" PERIOD OF TIME. THE STUDY, HE SAID, WOULD COVER SUCH QUESTIONS AS WHICH BUSINESSMEN WILL TAKE PART, THE CHOICE OF GOODS TO BE TRADED AND FINANCING ARRANGEMENTS. FONDEPT ACTING DIRECTOR FOR ASIA AND PACIFIC AFFAIRS DARWOTO CONFIRMED TO POLCOUNS THAT TRADE MINISTRY WAS TAKING A "GO SLOW" ATTITUDE.

5. TAKING ITS CUE FROM MOCHTAR AND RADIUS, THE INDONESIAN OBSERVER EDITORIALIZED THAT WHILE THE RESUMPTION OF DIPLOMATIC TIES WITH THE PRC IS WISE AND, IN ANY CASE, INEVITABLE, "WE SHOULD NEVERTHELESS FOLLOW
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THE ADAGE 'MORE HASTE, LESS SPEED.' IN THIS REGARD, WE HAVE IN MIND THE ILLEGAL ENTRY OF CHINESE NATINALS INTO KALIMANTAN WHO ENGAGE THEMSELVES IN SUBVERSIVE ACTIVITIES, AND OTHER PROBLEMS RELATED TO THE PRESENCE OF MILLIONS OF CHINESE IN THIS REGION." THE ANGKATAN BERSENJATA, GENERALLY REGARDED AS THE SPOKESMAN OF THE MILITARY, ECHOED RADIUS PRAWIRO'S STATEMENT SAYING THE GOVERNMENT SHOULD STUDY VERY CAREFULLY THE PRO'S AND CON'S OF DIRECT TRADE WITH THE PRC BEFORE DECIDING TO EMBARK ON ANY NEW TRADE POLICY.
MASTERS

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